



THE EVOLUTION *of* A POLICY

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OPONENTS of the economic policy of the United Farmers of Canada are fond of maintaining that the members of the organization have become suddenly radical—or, as they delight to express it, "Red," with a capital "R"—almost overnight. Nothing could be further from the truth. The fact of the matter is, that the present members of the association have arrived at many of their opinions and policies by a process of experience, education and development over a period of years, while others have been bequeathed to them almost intact by former leaders of the farmers' movement.

PUBLIC OWNERSHIP

Take the question of public ownership. This was a live question with the farmers of the province so far back as the year 1907. During the course of the S.G.G.A. convention of that year a long discussion took place on the problem of grain marketing, when the following resolution moved by Fred W. Green, was adopted, viz: "Resolved that in the opinion of this convention the problem of marketing the wheat crop of Western Canada can best be solved by government control of all terminal elevators, the whole to be operated by a commission appointed by the government, the railway commission and the grain growers of the province, the whole cost to be borne by the grain trade."

It will be noted that while there is no specific demand in this resolution for government ownership, there is a plain implication that this is what the delegates had in mind. The fact that under this plan the government was to control the terminal elevators, and they were to be operated by a commission appointed by the government, the railway commission—itself a government appointed body—and the Grain Growers' Association, plainly indicates that the delegates had in mind government ownership as well as control and operation, as these powers could not logically be divorced altogether from the actual owners of the elevators. The whole trend of the discussion, in fact, seemed to point to a desire to nationalize the elevators. E. A. Partridge, especially, was clear and emphatic on this point. "I believe," he said, "we must have government control and public ownership of the terminal elevators"; and further, he declared that "the province should take the initial

steps to provide an internal system of elevators"; and again he stated: "Government ownership of utilities is the coming question, and will probably be in operation before we are many years older," a prediction which was at least partially fulfilled by the year 1914, when the government interior elevators at Calgary, Moose Jaw and Saskatoon were established.

THE C.C.A. STEPS IN

What the resolution of 1907 lacked in definiteness, however, was fully supplied by the convention of the following year, which passed the following resolution: "Resolved, that the convention places itself on record as being strongly in favor of Dominion government owned and operated terminal elevators, and also a system of provincial government owned and operated internal storage elevators at internal points, where the grain would be both weighed and graded through government agency, with provision for creating a sample market at Winnipeg."

At the close of the 1908 convention the Interprovincial Council of Grain Growers, afterwards known as the Canadian Council of Agriculture, was formed, and this body interviewed and presented to the provincial and federal governments the views of the farmers of the three provinces with regard to government ownership and operation of storage facilities, the prairie provinces thus presenting a solid front on the question. The same stand was taken by the 1909 convention, and the struggle was maintained until the Saskatchewan Co-operative Elevator company and the government interior elevators became accomplished facts.

THE HUDSON BAY RAILWAY

As early as 1906, at least, the question of a railway to the Hudson Bay was raised at the Grain Growers' convention, and a resolution was passed urging that a survey of the territory be made, to see if the route would be feasible. The next year a resolution was moved by Walter Simpson, urging on the federal and provincial governments the necessity for the building of a railway, and the request was renewed in 1908, on the ground that the farmer "could not function to the best advantage so long as his operations were controlled by private interests operat-

ing for profit." It is perfectly evident from this that the demand for a system which would place service before profit has not sprung up in the farmers' movement overnight.

In 1910, government ownership and operation of the proposed Hudson Bay Railway, together with all terminals and other facilities, was urged by the Grain Growers for the first time. In 1911, Sir Wilfrid Laurier having declared that it was "not the policy of his party to operate the Hudson Bay Railway," the convention became more militant. Sir Wilfrid was reminded that by the sale of western lands \$21,000,000 had already been acquired towards building and equipping the said railway, and the urging was changed to a demand for government ownership and operation both of the railway and all elevator facilities. In this matter, again, the organized farmers' movement has never wavered, but on every possible occasion has insisted that the Hudson Bay railway be built, equipped and operated as a public utility, and that all storage and harbor facilities be also provided by the government for the benefit of the people at large. This, of course, was a purely socialistic proposition, although possibly not generally recognized as such.

WIDENING THE VISION

At the annual convention of 1918 the vision of the delegates with regard to public ownership of railways was widened, and the following resolution was adopted on the motion of Mr. Moscrip, seconded by Mr. Norge, viz: "Resolved that we recommend that our government follow the example of Britain and the United States in assuming control of and operating all Canadian railways in one system, which we believe would enable them to give a greatly superior service, as well as eliminating duplication and overlapping, and effect such economies as would permit of the operation at present rates." This again was but the beginning of an agitation which has not been allowed to die to this day, and from time to time resolutions have been adopted demanding the nationalization of the C.P.R. and the writing down of the capitalization of the Canadian National Railways, so as to place the lines as soon as possible on a profit earning basis.

That this policy met with the full

approval of the Canadian Council of Agriculture is evident, as, when the farmers' platform was drafted by that body in the year 1916, the matter was carried even further, nationalization of all railway, telegraph and express companies' being demanded, which is just as drastic as the U.F.C. demand for public ownership, development, operation and control of transportation and communication. Yet, no one recognized the Canadian Council of Agriculture as a socialist-minded body, consisting as it did of such "dangerous radicals" as J. B. Musselman, R. M. Johnson, J. A. Maharg, H. W. Wood and others who might be named.

Returning to the convention records of 1907, we find that the following resolution was adopted on the motion of the late Walter Simpson, of Regina, viz: "Resolved that the time has arrived for the installation of a provincial telephone system owned and operated by the government." Notwithstanding the socialist character of this resolution, it was carried with little or no opposition, and so little alarmed were the members of the government as to where this policy might be leading that they acceded to the request. The result is the very fine and efficient telephone system we enjoy today.

The delegates then turned their attention to a wider field, and, following discussion, they adopted a resolution moved by F. M. Gates, of Fillmore, and seconded by R. C. Sanderson, of Indian Head, that "oil fields and coal lands not at present exploited should be owned and controlled in the interests of the people, and that the provincial government be requested to press this upon the dominion government, and that the provincial government acquire a portion of these lands and develop and operate them in the interests of the people of Saskatchewan."

Although we have no record of the government's action in this matter, it would seem from a resolution which was passed at the annual convention of 1908 that the government had, as a matter of fact, taken some action during the previous year towards the operation of a coal mine. The resolution which was moved by the late W. H. Beesley, of Moose Jaw, and seconded by B. H. Thompson, of the same city, was in the following terms: "That this convention views with approval the steps

taken by the government to operate a coal mine, and we would suggest that this work be extended. We believe that all coal and oil fields not at present worked should be controlled in the interests of the people." We have no reason to suppose that Mr. Thompson was a dangerous radical, and certainly personal acquaintance with Mr. Beesley extending over many years would not lead us to imagine that he could be so described. Anyway, it is reasonable to suppose, in the absence of definite proof, that whatever was done by the government was in response to the representations of the Saskatchewan Grain Growers' Association in connection with the resolution quoted in the previous paragraph.

At the annual convention of 1909, held at Weyburn, a resolution moved by E. P. St. John, and seconded by Wm. Noble, of Oxbow, petitioned the federal government "to preserve and hold for all time all natural resources such as timber, coal, oil and other mines, and either operate or lease them, that the profits and benefits be shared by all alike." The resolution also asked the government "to hold that which we have, and to regain possession by the right of eminent domain or otherwise of those disposed of, and to hold all inviolate for the benefit of this and other generations to follow."

At the Regina convention of 1911, a resolution moved by John Evans, and seconded by E. A. Partridge was adopted as follows: "Be it resolved that the federal government should never allow the water powers and coal areas to pass into private ownership, nor be leased for a longer period than ten years without readjustment of the renters"; and at Saskatoon in 1913 the convention declared that "this association strongly favors public ownership and operation of all public utilities." The Regina convention of 1918, again declared, on the motion of Messrs. Bradshaw and Heckman "that this association believes that the government should own and operate all coal mines in the Dominion of Canada." The same convention also declared as follows, on the motion of Messrs. Aikenhead and Evans: "Whereas the province of Saskatchewan has a vast territory lying in the northern portion which at the present time is practically undeveloped; and whereas this territory is

known to contain enormous possibilities in the shape of lands, minerals, fish, fuel and lumber; therefore be it resolved that this convention strongly urge upon the dominion government the necessity of taking immediate steps to inaugurate some system whereby these resources may be developed both for the good of the province and the dominion."

To quote the Farmers' platform again, which, as already mentioned, was drafted by the Canadian Council of Agriculture in the year 1916, clause 2 demands "that no more natural resources be alienated from the crown, but brought into use only under short term leases, in which the interests of the public shall be properly safeguarded, such leases to be granted only by public auction."

It is to be remembered that such men as Hon. T. E. Crerar, Hon. Geo. Langley, and others already named, voluntarily subscribed to these principles as members of the Council.

THE "USE LEASE"

The policy for which the U.F.C. is being most strongly criticized is its advocacy of the "use lease." But even this is not original. It is already in operation in several other countries, and a test of the method was recommended by the Royal Commission on Immigration, over which Prof. Swanson presided, and which was appointed by order-in council in January, 1930. In dealing with this matter the report says: "We recommend the investigation of the 'use lease' method of disposing of crown lands, and invite special attention to this, as we believe its application may, in the case of land of marginal quality be more successful than outright sale."

But after all, is the step from what was advocated by the farmer leaders already mentioned to the "use lease" method so very great? We do not think so; and besides, the "use lease" seems only a logical development from the policy of government ownership of all natural resources. Could the U.F.C. consistently continue to ask for public ownership of all other natural resources, and leave out the most extensive resource of all? Nevertheless, as a concession to public opinion, which is as yet largely opposed to the wholesale taking over of the land, the land policy of the U.F.C. provides that land at present owned by pri-

vate individuals will come under the "use lease" system only by the owner's consent. In making this proposal, the U.F.C. is consistently following out the policy enunciated by the Canadian Council of Agriculture so far back as the year 1916.

Our opponents are apparently unaware of, or else they ignore the fact that in the first place the "use lease" would apply only to crown lands open to settlement, or to lands which have reverted to municipalities for non-payment of taxes, title to which would be transferred to the government on payment of the taxes due; and that in all other cases it would apply only on voluntary application of the owners. We decline to acknowledge as "drastic" a scheme which leaves out all individual owners until they themselves apply for admission.

BANKING AND MONETARY REFORM

Another subject on which the U.F.C. is considered by its opponents to be extreme is that of banking and monetary reform. This is one phase of the economic policy which has developed by a process of experience and education over a period of years. One of the greatest needs in every agricultural country is for an adequate system of credit, owing to the fact that the farmer must wait for many months for the returns from his crop. In the meantime, however, he must have the means to purchase machinery, repairs, additions to his stock, and to carry out developments in various directions. Many of the older European countries have established agricultural credit societies for this purpose; but no such action has been taken in Western Canada, and farmers have always been dependent upon banks and mortgage companies for financial assistance. When farmers have charged these institutions with want of sympathy, their statements have been challenged. Notwithstanding this, however, the Agricultural Credit Commission of 1913 found that these institutions were not only unwilling to co-operate with them, but even raised strenuous objection when an effort was made to secure information through the federal members of the house of commons.

AGRICULTURAL CREDIT

In order to overcome the conditions brought about by this system,

the Agricultural Credit Commission recommended the establishment of agricultural credit bodies under the control of a central commission, to be appointed at first by the government. Apparently no action was taken, however, by the government to carry out these recommendations, and the farm loan scheme which was ultimately established has never had sufficient financial backing to meet the situation adequately. Right up to the present, farmers have been dependent on the banks and mortgage and loan companies for such credit as they could secure, and at such ruinous rates of interest as have placed them in an impossible position. There is no wonder, therefore, that dissatisfaction with the banks, on this account alone, should have become more and more acute.

The matter of bank advances was brought before the annual convention of the S.G.G.A. in the year 1908, when, judging by the resolution adopted, the Grain Growers were just feeling their way, and had no clear-cut idea as to how the difficulties under which they were laboring might be met. The resolution was as follows: "That great loss and inconvenience to farmers having been occasioned through the banks refusing advances on stored wheat and bills of lading, the government be urged to devise some remedy." Taking advantage of the fact that bank charters expired in 1911, the convention of 1910 passed a resolution asking "that steps be taken by the executive to have the banking laws of Canada so revised as to enable the farmer to develop the country by securing more and cheaper money"; and this was followed by the following resolution which was adopted by the convention of 1913, viz.: Moved by Wm. Noble, seconded by Mr. Spencer: "That the convention record its opinion that the provincial government should without delay formulate a scheme whereby a farmer may obtain upon the security of his land money at a lower rate of interest than is now charged by the existing financial institutions; and this convention is further of the opinion that until loans at a cheap rate of interest can be obtained, a large majority of the farmers of this province will be unable to satisfactorily carry on or develop their business."

COUNCIL OF AGRICULTURE AND POWER OF ISSUE

By the year 1923 it had been realized that something much more drastic was necessary if banking was to be put on a satisfactory basis, and at the S.G.G.A. convention of that year a resolution of the Canadian Council of Agriculture was fully endorsed, on the motion of W. C. Paynter, seconded by Z. Drew, which called for a royal commission to enquire into the whole question of the Canadian banking system, and more particularly into (a) the advisability of creating one or more banks in Canada combining the best features of the Commonwealth Bank of Australia and the Federal Reserve Bank of the United States; (b) taking out of the hands of the chartered banks the power of issue, and confining that power solely to the national banks, or to a department of the government itself, this to be done in a manner that will give a fair opportunity to existing banks to adjust themselves to the new conditions; (c) to enquire into the advisability of amending our legislation to permit the establishment of small banks with local capital serving local needs, and (d) to report on the best method of federal supervision and inspection." Readers will note especially the sympathetic attitude of the Canadian Council of Agriculture towards the establishment of national banks, and the transfer of the power of issue to the government, which indicates a notable advance in rural opinion on this question.

CURRENCY AND CREDIT

Many things have happened in the world since 1923 when this resolution was passed. Since that time the MacMillan report to the British government has been issued, recommending a "managed currency," an essential feature of which is the issue of currency entirely independent of gold, and limited only by the requirements of industry and commerce. This would at once eliminate banking credit with its tremendous load of interest, which is at present weighing down every civilized country in the world. However, this report has the endorsement of J. Maynard Keynes, the eminent British economist, and many other of the leading economists of the world, and even of Reginald McKenna, the chairman of the Midland Bank, who is universally recognized as one of

the world's leading bankers. If we bear these things in mind, the proposal of the U.F.C. that "The issue and control of all currency and credit shall be done through publicly owned and operated institutions under the direction of a department of finance" seems to be merely in keeping with the advance in public opinion.

Writing on this subject in *The Progressive* of Sept. 11, 1924, while president of the Saskatchewan Grain Growers' Association, George F. Edwards said: "It would seem that as the first step to currency and financial reform, we are safe in advocating that the issue of currency shall be taken out of private hands, and put back where it belongs, namely, in the hands of the government. If there is one natural function for a government it is to issue currency, for it is a utility that is used by every citizen without exception. When the issue of currency is taken out of private hands, it will not be so difficult to bring about other reforms from time to time, as we shall have established the fact that currency and credit exist to serve the need of the great mass of the people, and not for the purpose of making profits for a few favored individuals."

DEBT ADJUSTMENT

With regard to the question of debt adjustment, the subject of farmers' indebtedness was under discussion at the convention of 1923, when a resolution was passed endorsing the action of the Canadian Council of Agriculture in attempting to formulate a plan for the funding of farmers' debts, so as to lighten their immediate burden. Nothing definite resulted from this effort, and in May 1924, George F. Edwards, who was at that time president of the Saskatchewan Grain Growers' Association, called an economic conference in Regina, at which he stressed the absolute necessity of facing the facts frankly, and taking whatever steps might be necessary to bring about a readjustment of farmers' debts. In the light of his present attitude the words "taking whatever steps might be necessary" take on an added significance. Mr. Edwards advocated a system of debt funding, with payments amortized over a long term of years, as a means of enabling farmers to pay all they owed. The conference resulted in the appointment of a board to be known as the Saskat-

chewan economic board, representative of all classes interested, with instructions to investigate all economic questions as they related to the various interests affected. Premier Dunning, who was present at the conference, also promised to consider some amendment of the Debt Adjustment Act of the province. Nothing effective resulted from the proposed board, however, while such amendments as were made in the Debt Adjustment Act failed to meet the situation effectively, and a proposal for debt adjustment made by the Farmers' Union of Canada met with a cool reception.

The latter proposal contemplated the formation of debt adjustment committees in all local farmers' organizations in the three provinces, with an arbitration board in each judicial centre, and a head office in each provincial capital. The boards were to become trustees of debtors' assets, with authority to impose a binding agreement on both parties, and with right of appeal to the head office for the province. Except in case of dishonesty, etc., legal action was to be forbidden and cases settled by funding and amortization of debts. Certain exemptions to cover living and running expenses were to be allowed, and certain priorities recognized, interest not to exceed $6\frac{1}{2}$ per cent. The personnel of the boards was to consist of one representative each of debtors, creditors and the government.

LOOKING FOR NEW METHODS

Several debtor-creditor conferences were also held at the parliament buildings, Regina, which were equally barren of results. The object of all these efforts was, as Mr. Edwards expressed it, "to enable farmers to pay all they owe," and it is significant that no plan could be devised, or at least no plan was devised, that would accomplish that end. The only thing to do, then, was to look for some new method of dealing with the problem, and it was this necessity that led to the adoption of the new economic policy of the U.F.C. If the policy is regarded as too drastic, creditors have only themselves to blame for having failed to agree to any suggestion that would meet the situation that was gradually developing. Mr. Edwards regards certain features of the policy as confiscatory, and declines on that account to give it his support.

Realizing that a crisis was upon the farmers of the province, a conference of co-operative associations was called by the United Farmers of Canada in 1929, when the government was called into consultation, and this was followed by other efforts. In September, 1930, Premier Anderson attended a meeting of the executive, when he agreed to call still another debtor-creditor conference. When the conference met, however, and debt adjustment was mentioned by our delegates, Dr. Anderson said he had not called the conference to discuss the setting up of a new financial system, but to ask the creditors to promise not to harass the farmers unduly, an altogether futile request, as they have repeatedly made such promises only to break them immediately a crop has been in prospect.

The next step was taken by the Farmer-Labor delegation which interviewed the government on June 28, 1931, to urge a readjustment of indebtedness. The government was asked to create an adjustment board with authority to deflate debts of all farmers and home owners to a parity with the value of the holdings to be arrived at by a government valuation board, as is constantly done in the commercial world, to provide for the issue of bonds at four per cent. interest, sufficient to pay off all indebtedness, as determined by the adjustment board, and that creditors be compelled to accept such bonds at the face value as settlement in full, present occupants to be given a perpetual lease on such property. These are some of the features of the policy to which Mr. Edwards and others object so strenuously.

WHAT "THE FINANCIAL POST" SEES

As to the need that exists for drastic action, let us turn to "The Financial Post," which surely will not be suspected of "Red" tendencies. In its issue of April 23, 1932, this well-known financial paper says: "In the coming year many hundreds of millions of dollars will have to be written off farm debts in order that agriculture may start its process of rebuilding with as clean a sheet as possible. Mortgage foreclosures and bailiff's sales will probably play a less important part than such voluntary gestures as the one just announced by Massey-Harris Company."

No such wholesale writing off of debts as this has ever been suggested by the U.F.C., and legal and binding adjustments are asked for by the association only when the debtor and a majority of creditors have come to an agreement. This attitude is entirely in keeping with that assumed in regard to the "use lease," which is to be subject to the owner's consent.

A PLANNED SYSTEM OF ECONOMY

The economic policy of the U.F.C. also includes the establishment of a national economic stabilization board, for the purpose of establishing and maintaining a parity between prices of goods and services bought and goods and services sold, and the provision of suitable work for all at such remuneration as would secure a decent standard of living. These objects are to be brought about by the establishment of a planned system of national economy, for the production, distribution and exchange of all essential commodities.

The establishment of a parity between the prices of goods bought and sold has been advocated by farm leaders, including George F. Edwards, for many years. Alluding also to the question of employment, under the heading of "Finance the Master and Not the Servant," in "The Progressive"—now "The Western Producer"—of September 11, 1924, Mr. Edwards wrote: "The greatest problem confronting civilization today is to devise a financial credit system whose function shall be not to make profit for those who control it, but to keep the wheels of industry turning, so that everyone who is willing to work and who is competent, shall have work available, and so that no one may suffer for lack of the things necessary to subsistence, because capital is being withheld from productive enterprise by the men who control it."

PROTECTIVE LEGISLATION

Our policy also provides for social and protective legislation, such as old age, war and other pensions, education, provision for motherhood, widows' grants, and life, sickness, accident, crop and fire insurance, most of which are recognized by the public at large as essential for the protection of the people. We have further given such assistance as we have been able to the various co-op-

erative organizations, by making representations to the government in support of their requests. We propose to continue this assistance and whenever the power may be placed in our hands we shall be prepared to pass such legislation as will enable them to function to the best advantage. This, again, is a policy which is in full accord with that of the farmers' movement for many years past. Finally, we favor the institution of a more business-like form of government, to supersede the present party form of government, which we believe has outlived its usefulness.

THE VIEW OF THE CHURCHES

While our policy may not be acceptable to party politicians, there is no question that the principles which underlie it are meeting with the acceptance of large numbers of thinking people. The expression "It is time for a change" is taking on a new significance, referring now to principle and not to party. The Saskatchewan conference of the United Church of Canada, at its conference in June, 1931, declared: "We believe that the competitive system must be transformed into a co-operative system, and that production and distribution, together with the whole fiscal system, must be democratically controlled in the interest of human need rather than for private profit," and quite recently the same principles were enunciated by the Regina Ministerial Association, which includes in its membership ministers of all churches. The Encyclical of Pope Pius XI, also declares for "the breaking down of the dictatorship of capital," and for "the public ownership of industries." In a further Encyclical issued no later than May 18 of the present year (1932), the Pope, referring to present "evils that are crushing humanity," declared them to be "greed; the accumulation of wealth in the hands of a small group of individuals, exaggerated nationalism, unequal distribution of wealth, Communism, and the revolt of man against God." From greed, he said, arises "the mutual distrust that casts a blight on all human dealings."

These declarations mean nothing more nor less than that a new day is rapidly being ushered in, and in the light of this fact we feel that no apology is needed for the new economic policy of the U.F.C.